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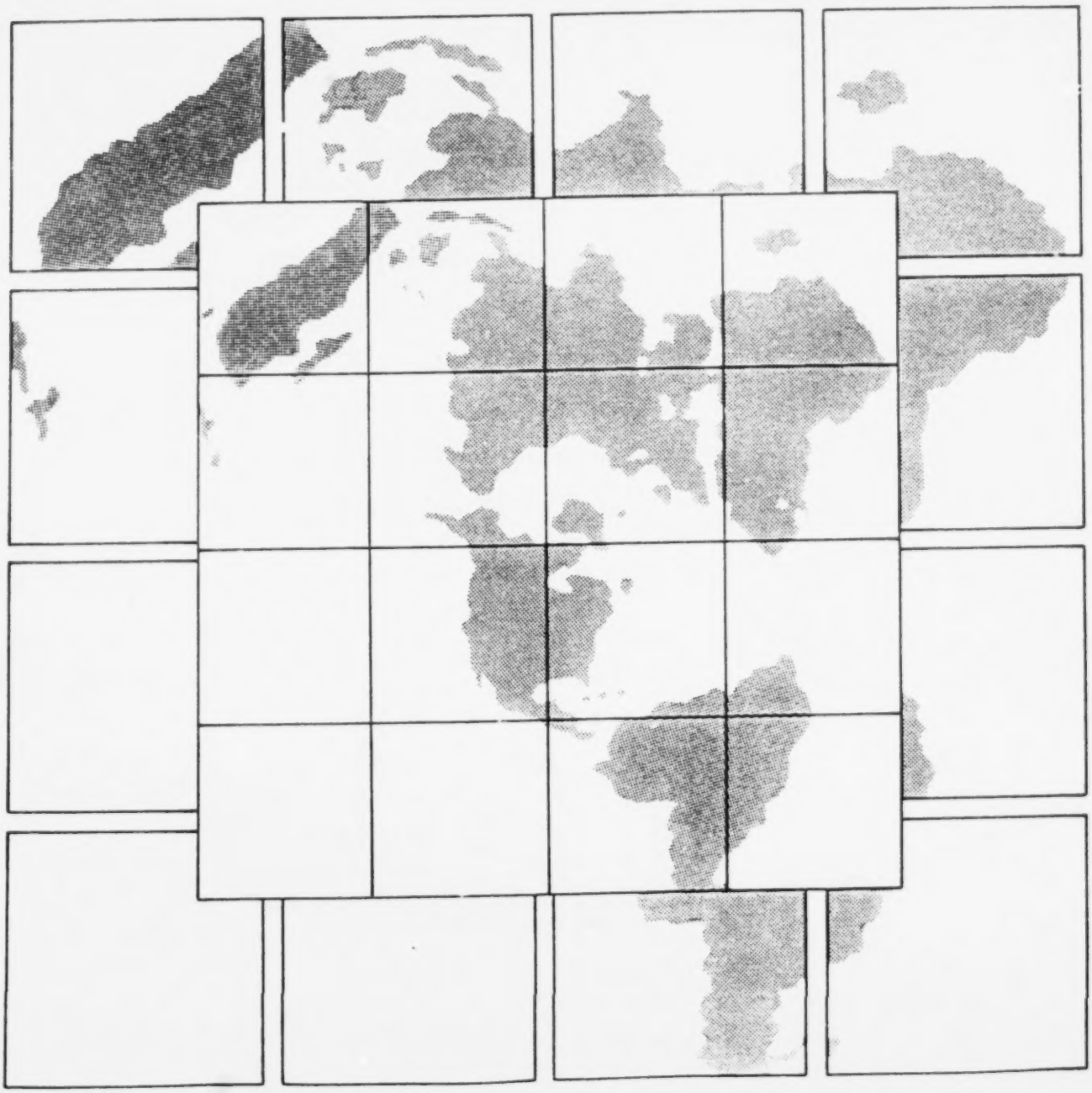

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FOREIGN LABOR TRENDS REPORT

BANGLADESH

1988-1989

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KEY LABOR INDICATORS

	1986-87	1987-88	Percent change
1) Per capita GDP*, current prices (taka)	4870	5221	7.2
2) ---, constant prices (1984-85 prices)	3996	3989	-0.2
3) Population, total (millions)	104.1	106.6	2.4
4) ---, major ethnic groups			
Bengali (%)	99	99	--
Other (%)	1	1	--
5) ---, in urban areas	23.5	N/A	
Dhaka	4.77	N/A	
Chittagong	1.84	N/A	
Khulna	.86	N/A	
Rajshahi	.43	N/A	
6) Birth rate (births/1000 pop.)	33.3	33.1	-0.6
7) Out migration by destination			
U.K.	4,833	5,000	3.46
U.S.	1,116	1,044	-6.45
8) Life expectancy at birth, total (yrs)	55.2	55.3	0.18
9) ---, male	55.4	55.6	0.36
10) ---, vemale	55.0	54.9	-0.18
11) Adult literacy rate (%)	29	33.8	16.6
12) Labor force, civilian (millions)	32.5	33.3	2.5
13) Employment, civilian (millions)	30.3	31.1	2.6
14) ---, in industry	3.3	N/A	
15) ---, in agriculture	16.9	N/A	
16) ---, in services	9.0	N/A	
17) Unemployment rate	**	**	
18) Underemployment rate	**	**	
19) Minimum wage rates (taka per month)	1,061.	1,130.	6.5
20) Avg. weekly earnings (taka wages)	323	388	19.9
21) ---, by major occupation			
agricultural day laborer	214	243	13.8
unskilled laborer	164	258.	57.3
clerk/typist	327	455.	39.1
mechanic (trades)	327	455	39.1
commercial specialist	1029	1300	26.3
22) Avg. hours worked per week	48	48	--
23) Unionization of labor (%)	3.1	3.4	9.6
24) Avg. personal income per year, current prices (taka)	4,677	5,031	7.5
25) Pct. of pop. beneath absolute poverty level, urban	56	56	--
---, rural	51	51	--
26) Rate of change in consumer prices during preceding year	10.4	11.4	
27) Avg. exchange rate (taka = US$1.00)	30.63	31.25	2.02

SOURCES: Bangladesh Bureau of Statistics (BBS), especially Labour Force Surveys for the years 1985-86. More recent information was obtained by personal communication with the Director of the Bureau of Statistics. World Bank and USAID statistics were also used in preparing the Key Labor Indicators.

*BBS figure for constant dollars per capita gross national product (GNP) are not readily available. Gross domestic product (GDP) has consequently been used. The Bangladesh Government's fiscal year runs from July 1 to June 30, and most figures are available in those terms. Population and emigration figures available from other sources for calendar years are indicated as such in parentheses (CY). The taka/dollar exchange rate is given as item 27.

**According to the International Labor Organization (ILO), the combined unemployment and under-employment rate has held steady at about 30 percent since the 1970's. ILO believes the combined rate is probably decreasing slightly in the 1980's due to increasing development activities. The absorption of additional labor remains slow.

SUMMARY

The conditions and wages of labor in Bangladesh are greatly influenced by the high population density of the country: more than 106 million Bangladeshis, about 85 percent of them in rural areas, occupy a country the size of Wisconsin. Of about 33 million people in the civilian labor force, less than 4 million are in the industrial sector. Wages are low--US$1.00 to US$2.00 per day--and per capita annual income, at about US$170, is among the lowest in the world. In the manufacturing sector, the garment industry has exhibited rapid growth which is being tempered by import restrictions imposed by developed countries, among them the United States, the main export market. The weak market for Bangladesh's major export, jute, continues to depress the jute industry.

As a result of low wages and poor working conditions in Bangladesh, an estimated half a million Bangladeshis--mostly men--work outside the country, especially in the Middle East. In 1988, about 68,000 Bangladeshis--most of them unskilled--were recruited to work outside their homeland. Although the total number of expatriate workers in the Middle East has declined in recent years, the number of Bangladeshi workers has fallen off only slightly, suggesting that Bangladeshis may be willing to work for lower wages than other expatriates. In 1988, for the second year running, remittances from overseas workers provided the major source of foreign exchange earnings for Bangladesh.

Bangladesh's small trade union movement (representing only 3.4 percent of the total civilian labor force) is strongly politicized; most labor unions and federations are closely associated with a political party. Union activities are more often mounted in response to the demands of political patrons than to the needs of the union members. A clear indication of this link is the rapid growth of the Government party-backed labor federation, the Jatiyo Sramik Party, at present the largest single labor organization.

The major antigovernment labor coalition, crippled since mid-1986, has remained weak through 1988. As a result, the labor scene in 1988 was even calmer than it had been in 1987. In accordance with the lull in political activity generally after March 1988, there was virtually no labor activity at the national level in 1988. Two strikes commanding national interest have occurred in the first months of 1989, but the strikers have failed to gain any significant concessions. Labor disputes have surfaced at the local level, particularly in the industrial and transport sectors.

Since the labor unions are poorly organized and do not appear to be reviving at present, the Bangladesh Government has chosen to ignore them. Some recent government actions are inimical to workers rights: Bangladesh's sole export processing zone is off-limits to labor unions, and the country's labor laws do not apply there. Also, the Government occasionally uses the "essential services" regulations to ensure labor peace not only in economically "essential services" but also in areas where the Government may have some more immediate and pressing reason for wanting to prevent labor unrest. There is no indication that labor passivity and inaction are coming to an end.

LABOR CONDITIONS AND WAGES

Population

A key influence on labor in Bangladesh is the high population density which provides employers with a large pool of mostly unskilled labor having few alternatives except to work for the low wages offered. Bangladesh's land area of 55,000 square miles, comparable to that of Wisconsin, holds a population estimated in 1988 to be 106.6 million. Approximately 85 percent of the people live outside the few metropolitan areas in the 68,000 villages which dot the landscape. An estimated 56 percent of the people--in some areas as high as 70 percent--are classified as landless or nearly landless: that is, they hold less than 0.5 acres and survive as day laborers.

Labor and Wages

Of Bangladesh's total labor force of approximately 33.3 million, the rural labor force numbers about 17 million people. The industrial labor force numbers only about 3.3 million, and the services sector accounts for an estimated 9 million workers. Reflecting the dominance of the rural sector in the economy, Bangladesh's agricultural sector contributes 45.7 percent of total GDP while the industrial sector contributes only 13.6 percent. Throughout the country, wages for agricultural labor and urban unskilled labor average about $1.00 per day (agricultural day laborers also receive an unspecified quantity of food each day). Wages of industrial labor show more variability according to the industry and according to its need for skilled or unskilled labor. Some industrial workers make almost $2.00 per day, but the majority receive much less. Women receive half the remuneration that men receive, and children--several million of whom are in the labor force--receive even less. In addition, there are several million unpaid family workers.

Since labor is such a cheap commodity, the vast majority of jobs are labor-intensive. In the rural areas, fields are plowed by oxen; crops are planted, weeded, and fertilized by hand; the grain is hand-harvested, hand-threshed, and carried by head porterage or by ox cart to a processing center. In the industrial sector, a vast pool of unskilled labor performs most tasks.

Labor Standards

In the public sector wages are determined by the National Wages and Productivity Commission constituted by the

government in 1984. In the private sector, wages are determined by the Minimum Wages Board, a statutory tripartite body formed in 1961. The Chairman of this Board is appointed by the government. The Board includes three other members: a representative of workers, a representative of employers, and another member having knowledge about the economic situation of the country (preferably a university professor).

Wages are determined and revised from time to time depending on the cost of living and economic viability of the industries. Normally, private sector wages are similar to those of the public sector. The wage structure in units owned by multinational companies is normally higher than that in the public and private sectors.

Regulations regarding minimum wages, hours of work, and occupational safety and health are not strictly enforced. Income levels are often insufficient to afford a family a decent standard of living. The Factories Act of 1965 limits normal working hours to a maximum of 8 hours a day and 48 hours a week. With overtime, the workweek should not exceed 60 hours. Although the law stipulates that overtime work is to be compensated by double the hourly rate, overtime pay practices often do not conform to the legal standard. Safety equipment and requirements are largely unknown. Bangladesh has a small number of safety inspectors, but they are frequently untrained and underpaid.

Industrial Conditions

The export garment industry has been one of the few bright spots in the Bangladesh industrial scene since the mid-1980's. The number of factories has stabilized at about 700; the labor force--90 percent of it young women--has leveled off at about 300,000 people. It is notable that the garment industry is the only one which employs women in large numbers. Garment manufacturers say the women receive an average of $40-50 per month, including overtime pay.

While the export garment industry has provided one of the few bright spots, the slump in the jute industry has continued through 1988. In recent years, jute--Bangladesh's primary export crop, an important foreign exchange earner, and the main source of income for millions of farmers--was worth less than it cost to grow it. Despite the drop in prices, most jute mills continued in production, incurring huge losses. Export volumes did not increase enough to overcome the revenue loss from soft prices due to continuing weak international demand for jute goods. The president has ordered the prime minister (who is also responsible for the industries portfolio)

to oversee efforts to restore the industry's health. The Government plans to allocate substantial financial resources to a 3-year jute industry recovery program.

EXPORT OF LABOR

The major source of foreign exchange earnings for Bangladesh is the remittances from workers who leave Bangladesh to work overseas, most of them in the Middle East. In 1988, 68,100 Bangladeshis--predominantly unskilled and semi-skilled male workers--were recruited to work overseas. The actual number of Bangladeshis employed overseas, both legally and illegally, is not known; the government keeps track only of "new recruits." Officials of the Bangladesh Bank have suggested that more than half a million Bangladeshis are currently working outside the country.

Table I: Annual Recruitment by Country of Destination 1984-88

	1984	1985	1986	1987	1988
Bahrain	2,326	2,965	2,086	2,055	3,268
Iran	534	144	58	--	--
Iraq	4,701	5,051	4,795	3,847	4,191
Kuwait	5,677	7,384	10,278	9,559	6,524
Libya	3,386	1,514	3,111	2,271	2,789
Malaysia	--	792	530	---	--
Oman	10,111	9,218	6,608	440	2,213
Qatar	2,763	4,751	4,866	5,841	7,309
Saudi Arabia	20,587	37,111	27,467	39,350	27,703
Singapore	--	--	26	--	--
U.A.E.	5,302	8,336	8,618	9,943	13,437
Other	1,368	428	159	711	717
Total	56,754	77,694	68,658	74,017	68,121

Source: Bangladesh Bureau of Manpower, Employment and Training (BMET)

During the past decade, the number of unskilled and semi-skilled overseas workers has hovered between 60 and 65 percent of the total number of recruits. The remaining 35-40 percent are skilled or professional employees. As the oil revenues in the Middle East have shrunk, the wages offered new recruits have decreased; but the number of unskilled Bangladeshis has remained roughly the same--or in some countries even increased. There is evidence that Bangladeshis (along with unskilled and semi-skilled workers from other South Asian countries) are more willing to work for lower wages than are other expatriate workers (such as Europeans and South

Koreans). However low the wages might be, they remain higher than the earnings that most workers could obtain in Bangladesh.

Remittances

Most overseas workers remit a large percentage of their earnings back to Bangladesh. In FY87-88 the amount exceeded $737 million, making workers' remittances the largest source of foreign exchange earnings for the country. This higher-than-expected growth was officially attributed to the government's antismuggling campaign and other, positive efforts to encourage the use of legal channels for the remittance of foreign-earned income. Despite the slight falling off of numbers of new recruits for the external labor market (see preceding Table I), remittances continued their upward climb in FY88-89. Remittances in the current fiscal year are expected to exceed $750 million, making such income the country's major source of foreign exchange earnings for the second consecutive year.

LABOR-MANAGEMENT RELATIONS

Labor-management relations in Bangladesh are defined by the provisions of the Industrial Relations Ordinance of 1969. The Ordinance provides procedures for settlement of disputes through conciliation, adjudication, and arbitration. A plant-level trade union with elected representatives is considered a Collective Bargaining Agent (CBA). The CBA can raise a dispute in writing and place it before the union for bipartite negotiation. Such negotiations have to take place within 10 days. If the parties to the dispute agree to a solution, a memorandum of settlement is recorded and signed by both parties. If the negotiations fail, any of the parties can refer the dispute to the Ministry of Labor which provides conciliators. If the conciliator fails to settle the dispute within 10 days, the party raising the dispute may serve the other party with a 21-day notice of strike or lock-out as the case may be. Before any such notice is presented, the CBA is to obtain the consent of three-fourths of its members through a secret ballot.

All matters relating to the rights and interests of workers in the private sector are also governed by the provisions of the Industrial Relations Ordinance of 1969. In the public sector, matters relating to compensation, including wages, medical benefits, housing, conveyance and leave benefits are determined by the Wages and Pay Commission set up by the government. Other terms and conditions, such as hours of work, appointments, and dismissals, apprenticeships, gratuities, and working conditions, etc., are prescribed under the provision of various labor laws.

A spirit of cooperation among the management, workers and conciliatory authorities is lacking though the legal and policy bases undergirding labor-management relations provide adequate coverage of issues and problems facing the industry. This problem is complicated by the casual attention given to the subject by policymakers and the preponderance of exogenous influences and agencies in negotiations and conciliatory proceedings. There have been no significant changes recently in law and practice governing the labor-management relationship.

LABOR AND POLITICAL DYNAMICS

Union Membership

Bangladesh's struggling trade union movement has attracted only 1.1 million members from the total labor force of over 33.3 million. A total of 298 new trade unions were registered in 1988; the newly formed unions represent 69,400 workers. On the other hand, in 1988 the government cancelled the registration of 46 trade unions, representing 7,300 members, for violation of the Industrial Relations Ordinance. At the end of 1988, the number of trade unions registered with the government stood at 3,614 with a total membership of 1,116,000. Of 18 trade union federations in Bangladesh, 17 function as fronts for political parties.

AAFLI: The AFL-CIO's Asian-American Free Labor Institute (AAFLI) has a small program in Bangladesh. AAFLI supports the Bangladesh Free Trade Union Congress (BFTUC), a federation of 20 unions with 216,000 members. The BFTUC is not associated with any political party, which has helped it retain its membership and negotiate contract agreements which are solely for the benefit of its members, not for the political goals imposed by politicians.

Dominance of Political Parties

Historically, Bangladeshi labor unions have been closely affiliated with various political parties which have tended to set the goals and strategies for the unions. In many cases, "bread-and-butter" issues have taken second place to political issues in the unions' priorities. Every major political party has a "labor wing" which it uses for its own political ends.

Some labor unions and their leaders seem to give short shrift to ideology or political commitment, readily shifting their allegiance to the party in power in order to obtain an edge over competing unions and to have a friendly ear in the ministries. Nowhere has this been more clearly demonstrated than in the growth of the Jatiyo Sramik (National Labor) Party

which is affiliated with the Jatiyo (National) Party of President Hossain Mohammed Ershad. The Jatiyo Party (JP) came into existence on January 1, 1986, with the sole purpose of serving as the election vehicle through which then-Lt. General Ershad planned to lead the transfer from a military government to a civilian government. Over 3 years later, the Jatiyo Sramik Party (JSP) is by far the largest trade union federation with more than 279 affiliated unions and 222,000 union members.

The government-affiliated unions have been assisted in their growth by the decline of the Workers-Employees United Council (known by the Bengali acronym SKOP). The SKOP "super-federation," composed of several federations and unions which were allied to opposition parties in a strongly anti-government stance, had fought successfully for a labor agreement in 1984. The agreement provided generous wage increases as well as (probably unrealistic) protection for union members and organizers. In addition, the agreement covered only workers in government and nationalized industries; it did not apply to workers in the private sector, though employers there were "encouraged" to implement the agreement. In July 1987, the Government claimed to have implemented 26 of the 28 conditions contained in the agreement, 18 of them fully and 8 of them partially. (The two conditions which have not been implemented concern the establishment of a permanent wage board for the workers and the establishment of an industrial court.) Nearly midway through 1989, the Government still has not put all the terms into practice.

At present, most of the SKOP unions and federations oppose the Government's "denationalization" (privatization) policy, but the unions cannot unite on this or any other issue as long as they remain allied to rival political parties. While the mainstream political parties succeeded in achieving a fragile unity to challenge the Ershad government in the latter part of 1987, they were no longer able to maintain a unified stance after the parliamentary elections in March 1988.

Labor Scene Quiet

As a result of SKOP's decline, and the opposition parties' focus on a squabbling among themselves to the exclusion of most other concerns, the national labor arena has been quiet during the past year. Local strikes were precipitated by disputes between rival groups or workers' demands for better conditions of service. In 1988 industrial disputes were punctuated with 22 strikes involving 112,000 workers and resulting in 207,000 lost work days. A few strikes commanded national interest, but none was particularly successful. The two most significant occurred after calendar

year 1988: a 10-day transport workers' strike in Dhaka in January 1989 and a 24-hour nationwide hartal (general strike) in April 1989. The transport workers' wildcat strike was settled by a "face-saving accord" which included the Government's pledge to implement previous agreements. SKOP sponsored a 24-hour general strike April 24-25, 1989. The SKOP hartal was widely observed but failed to produce concessions from the Ershad government. Few other labor actions attracted national attention during the reporting period.

Although the political opposition movement sponsored a couple of daytime hartals in late 1988 and early 1989, these opposition-imposed cessations of economic activity focused on political rather than labor issues. With the opposition political parties continuing to be weak and disunited into the spring of 1989, prospects for major labor disturbances during the balance of 1989 are slight.

GOVERNMENT REGULATION OF LABOR

Industrial relations legislation allows for several restrictions on freedom of association and the right to collective bargaining. Such restrictions include the power of the state authorities to register trade unions and to supervise their internal affairs. In addition, collective bargaining rights of workers in state-owned enterprises are limited. At present, the Government's attitude toward labor might best be termed "benign neglect." Labor is not a high priority concern for the Government, and labor itself is so unorganized that it is unable to challenge the Government. One must also keep in mind that most unions respond to the needs and instructions of their parent political parties rather than to the needs of their rank and file. However, the Government has taken several actions in recent years which are inimical to the rights and needs of labor.

Labor Law and Practice in Export Processing Zones (EPZ)

Labor regulations and conditions differ in the EPZ from those prevailing in the rest of the country. Whereas union activity has been suspended in the EPZ since 1985, unions in the rest of the country can generally bargain collectively in the private sector without government interference. In Bangladesh's sole EPZ, labor unions are illegal and Bangladesh's labor laws do not apply. Despite the suspension of labor laws in the EPZ, an embassy officer who recently toured the EPZ concluded that, in part because of the newness of the facilities, the working conditions in the EPZ were actually better than those typically found outside the EPZ.

"Essential Services"

The Government has added several areas to its list of "essential services." Workers in "essential services" are forbidden the right to strike. The government's declaration of an "essential service" stands for 3 months but can be extended unilaterally by the government. The following areas have been declared "essential": petroleum, civil aviation, the larger hotels, public sector banks, shipping companies, government food inspection, and telecommunications. Thus far, no unions have protested the inclusion of their industries in the list nor attempted to strike in defiance of the government order. There is no indication that the current period of labor passivity and inaction is drawing to an end.

ADDITIONAL INFORMATION

Other sources of information on labor conditions in Bangladesh are the annual Human Rights Report, published by the Department of State, and the periodic Economic Trends Report, published by the Department of Commerce.

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